



**KNIGHT THERAPEUTICS INC.**

**UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**September 30, 2024**

## INTERIM CONSOLIDATED BALANCE SHEETS

[In thousands of Canadian dollars]

[Unaudited]

As at	Notes	September 30, 2024	December 31, 2023
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents	4	73,755	58,761
Marketable securities		73,965	95,657
Trade receivables		91,250	88,722
Other receivables		7,294	7,427
Inventories	5	114,959	91,834
Prepays and deposits		7,287	4,881
Other current financial assets	6	24,598	15,753
Income taxes receivable		4,458	2,080
<b>Total current assets</b>		<b>397,566</b>	<b>365,115</b>
Marketable securities		3,780	7,407
Prepays and deposits		7,682	7,767
Right-of-use assets		6,352	6,190
Property, plant and equipment		15,292	11,669
Intangible assets		279,681	289,960
Goodwill		84,783	79,844
Other financial assets	6	101,859	112,616
Deferred income tax assets		20,900	19,390
Other long-term receivables		44,399	45,535
<b>Total non-current assets</b>		<b>564,728</b>	<b>580,378</b>
<b>Total assets</b>		<b>962,294</b>	<b>945,493</b>

## INTERIM CONSOLIDATED BALANCE SHEETS (continued)

[In thousands of Canadian dollars]

[Unaudited]

As at	Notes	September 30, 2024	December 31, 2023
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current</b>			
Accounts payable and accrued liabilities		86,620	85,366
Lease liabilities		3,015	1,728
Other liabilities		2,193	1,046
Bank loans		18,691	17,850
Income taxes payable		2,493	1,182
Other balances payable		5,140	6,857
<b>Total current liabilities</b>		<b>118,152</b>	<b>114,029</b>
Accounts payable and accrued liabilities		7,175	5,251
Lease liabilities		3,551	5,497
Bank loans		32,960	44,016
Other balances payable		22,284	27,012
Deferred income tax liabilities		4,263	2,817
<b>Total liabilities</b>		<b>188,385</b>	<b>198,622</b>
<b>Shareholders' equity</b>			
Share capital	7 [i]	539,317	540,046
Warrants		117	117
Contributed surplus		26,215	25,991
Accumulated other comprehensive income		64,077	29,829
Retained earnings		144,183	150,888
<b>Total shareholders' equity</b>		<b>773,909</b>	<b>746,871</b>
<b>Total liabilities and shareholders' equity</b>		<b>962,294</b>	<b>945,493</b>

Commitments [note 11]

See accompanying notes

## INTERIM CONSOLIDATED STATEMENTS OF INCOME (LOSS)

[In thousands of Canadian dollars, except for share and per share amounts]

[Unaudited]	Notes	Three months ended September 30,		Nine months ended September 30,	
		2024	2023	2024	2023
Revenues	9	92,263	81,500	274,440	254,002
Cost of goods sold	5	47,246	41,318	140,387	135,565
<b>Gross margin</b>		<b>45,017</b>	40,182	<b>134,053</b>	118,437
<b>Expenses</b>					
Selling and marketing		13,372	11,924	39,285	35,463
General and administrative		12,110	11,080	34,747	29,305
Research and development		5,153	4,768	15,939	13,291
Amortization of intangible assets		11,179	11,480	33,725	33,925
<b>Operating income</b>		<b>3,203</b>	930	<b>10,357</b>	6,453
Interest income on financial instruments measured at amortized cost		(2,458)	(2,024)	(6,554)	(6,218)
Other interest income		(65)	(1,031)	(1,194)	(3,276)
Interest expense		1,915	2,603	6,776	8,398
Other income		(795)	(1,907)	(1,006)	(2,123)
Net loss (gain) on financial instruments measured at fair value through profit or loss	6	2,820	(5,562)	19,752	2,346
Foreign exchange loss		2,326	1,317	5,934	6,162
Gain on hyperinflation		(1,148)	(1,364)	(7,528)	(3,000)
<b>Income (loss) before income taxes</b>		<b>608</b>	8,898	<b>(5,823)</b>	4,164
<b>Income tax</b>					
Current		1,862	1,112	4,776	3,251
Deferred		(1,339)	(1,802)	(4,196)	(6,578)
<b>Income tax expense (recovery)</b>		<b>523</b>	(690)	<b>580</b>	(3,327)
<b>Net income (loss) for the period</b>		<b>85</b>	9,588	<b>(6,403)</b>	7,491
Basic and diluted net income (loss) per share	8	—	0.09	(0.06)	0.07
<b>Weighted average number of common shares outstanding</b>	8				
Basic		101,132,799	106,250,793	101,211,415	108,728,924
Diluted		101,132,799	106,511,761	101,211,415	108,958,045

See accompanying notes

## INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

[In thousands of Canadian dollars]

[Unaudited]

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
<b>Net income (loss) for the period</b>	<b>85</b>	9,588	<b>(6,403)</b>	7,491
<b>Other comprehensive income (loss), net of taxes</b>				
<b>Items that may be reclassified subsequently to net income or loss:</b>				
Unrealized gain (loss) on translation of foreign operations	(2,273)	7,293	19,650	13,474
<b>Items permanently in other comprehensive income or loss:</b>				
Net gain (loss) on equity investments at fair value through other comprehensive income net of tax of \$(18) and \$(28) (2023: \$(5) and \$(7))	14,530	(34)	14,598	(51)
<b>Other comprehensive income for the period</b>	<b>12,257</b>	7,259	<b>34,248</b>	13,423
<b>Total comprehensive income for the period</b>	<b>12,342</b>	16,847	<b>27,845</b>	20,914

## INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

[In thousands of Canadian dollars]

[Unaudited]

	<i>Notes</i>	Share capital	Warrants	Contributed surplus	Accumulated other comprehensive income	Retained earnings	Total equity
<b>Balance as at January 1, 2024</b>		<b>540,046</b>	<b>117</b>	<b>25,991</b>	<b>29,829</b>	<b>150,888</b>	<b>746,871</b>
Net loss		—	—	—	—	(6,403)	(6,403)
Other comprehensive income for the period		—	—	—	34,248	—	34,248
Comprehensive income		—	—	—	34,248	(6,403)	27,845
Share-based compensation expense	7 [ii]	—	—	2,362	—	—	2,362
Shares purchased under Normal Course Issuer Bid	7 [iii]	(3,437)	—	—	—	(302)	(3,739)
Issuance upon vesting of PSUs and RSUs	7 [ii]	1,003	—	(1,339)	—	—	(336)
Issuance upon exercise of stock options	7 [ii]	1,358	—	(799)	—	—	559
Issuance under share purchase plan	7 [i]	347	—	—	—	—	347
<b>Balance as at September 30, 2024</b>		<b>539,317</b>	<b>117</b>	<b>26,215</b>	<b>64,077</b>	<b>144,183</b>	<b>773,909</b>
<b>Balance as at January 1, 2023</b>		<b>599,055</b>	<b>117</b>	<b>23,664</b>	<b>41,266</b>	<b>161,755</b>	<b>825,857</b>
Net loss		—	—	—	—	7,491	7,491
Other comprehensive income for the period		—	—	—	13,423	—	13,423
Comprehensive income		—	—	—	13,423	7,491	20,914
Share-based compensation expense	7 [ii]	—	—	1,960	—	—	1,960
Share purchased under Normal Course Issuer Bid	7 [iii]	(38,885)	—	—	—	4,489	(34,396)
Issuance under share purchase plan		330	—	—	—	—	330
<b>Balance as at September 30, 2023</b>		<b>560,500</b>	<b>117</b>	<b>25,624</b>	<b>54,689</b>	<b>173,735</b>	<b>814,665</b>

See accompanying notes

# INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

[In thousands of Canadian dollars]

[Unaudited]		Three months ended September 30,		Nine months ended September 30,	
	Notes	2024	2023	2024	2023
<b>OPERATING ACTIVITIES</b>					
<b>Net income (loss) for the period</b>		<b>85</b>	9,588	<b>(6,403)</b>	7,491
Adjustments reconciling net loss to operating cash flows:					
Deferred income tax recovery		<b>(1,339)</b>	(1,802)	<b>(4,196)</b>	(6,578)
Share-based compensation expense	7 [ii]	<b>801</b>	349	<b>2,362</b>	1,960
Depreciation and amortization		<b>13,389</b>	13,698	<b>39,139</b>	38,939
Net loss (gain) on financial instruments measured at fair value through profit or loss	6	<b>2,820</b>	(5,562)	<b>19,752</b>	2,346
Interest expense		<b>1,915</b>	2,603	<b>6,776</b>	8,398
Accrued interest income		<b>(613)</b>	1,272	<b>(1,444)</b>	186
Unrealized foreign exchange gain		<b>98</b>	3,619	<b>(6,231)</b>	1,557
Gain on hyperinflation		<b>(1,148)</b>	(1,364)	<b>(7,528)</b>	(3,000)
		<b>16,008</b>	22,401	<b>42,227</b>	51,299
Changes in non-cash working capital and other items	10	<b>(10,992)</b>	(7,235)	<b>(7,416)</b>	(33,303)
<b>Cash inflow from operating activities</b>		<b>5,016</b>	15,166	<b>34,811</b>	17,996
<b>INVESTING ACTIVITIES</b>					
Purchase of marketable securities		<b>(45,417)</b>	(52,118)	<b>(123,339)</b>	(237,668)
Purchase of intangible assets		<b>(1,671)</b>	(60)	<b>(28,488)</b>	(7,727)
Purchase of property and equipment		<b>(374)</b>	(227)	<b>(1,909)</b>	(509)
Investment in funds		<b>(1,372)</b>	(1,006)	<b>(2,575)</b>	(1,176)
Proceeds on maturity of marketable securities		<b>58,703</b>	81,204	<b>150,693</b>	262,372
Proceeds from repayments of loans receivable		—	7,417	<b>97</b>	12,774
Proceeds from disposal of equity investments		—	—	—	2,347
Proceeds from distribution of funds		<b>1,658</b>	546	<b>4,435</b>	829
<b>Cash inflow (outflow) from investing activities</b>		<b>11,527</b>	35,756	<b>(1,086)</b>	31,242
<b>FINANCING ACTIVITIES</b>					
Proceeds from contributions to share purchase plan	7	<b>110</b>	88	<b>303</b>	285
Proceeds from issuance of shares upon exercise of stock options	7	<b>338</b>	—	<b>559</b>	—
Proceeds from bank loans		<b>1,638</b>	2,706	<b>2,930</b>	4,796
Repurchase of common shares through Normal Course Issuer Bid	7 [iii]	<b>(2,474)</b>	(9,833)	<b>(3,716)</b>	(34,396)
Principal repayment of lease liabilities		<b>(997)</b>	(779)	<b>(2,861)</b>	(2,146)
Principal repayments on bank loans		<b>(2,039)</b>	(2,571)	<b>(10,698)</b>	(8,580)
Interest paid on bank loans		<b>(503)</b>	(850)	<b>(4,703)</b>	(5,263)
<b>Cash outflow from financing activities</b>		<b>(3,927)</b>	(11,239)	<b>(18,186)</b>	(45,304)
<b>Increase in cash and cash equivalents during the period</b>		<b>12,616</b>	39,683	<b>15,539</b>	3,934
Cash and cash equivalents, beginning of the period		<b>60,807</b>	37,844	<b>58,761</b>	71,679
Net foreign exchange difference		<b>332</b>	(109)	<b>(545)</b>	1,805
<b>Cash and cash equivalents, end of the period</b>		<b>73,755</b>	77,418	<b>73,755</b>	77,418
<b>Supplemental cash flow information:</b>					
Interest received		<b>1,910</b>	4,327	<b>6,304</b>	9,680
Interest paid		<b>(503)</b>	(850)	<b>(4,703)</b>	(5,263)
Net income taxes paid		<b>(915)</b>	(934)	<b>(4,486)</b>	(4,034)

See accompanying notes

# NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

[In thousands of Canadian dollars, except for share and per share amounts]  
[Unaudited]

## GLOSSARY OF ABBREVIATIONS

<b>Abbreviation</b>	<b>Company</b>
Knight or the Company	Knight Therapeutics Inc.
Synergy	Synergy CHC Corp.

<b>Abbreviation</b>	<b>Currency</b>
BRL	Brazilian Real
C\$ or \$ or CAD	Canadian Dollar
CHF	Swiss Franc
EUR	Euro
US\$/USD	U.S. Dollar

<b>Abbreviation</b>	<b>Other</b>
Annual Financial Statements	Audited annual consolidated financial statements
DSU	Deferred share units
FVOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IPO	Initial Public Offering
LATAM	Latin America
NCIB	Normal Course Issuer Bid
PSU	Performance share units
RSU	Restricted share units
WAFV	Weighted average fair value

# NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

[In thousands of Canadian dollars, except for share and per share amounts]  
[Unaudited]

## 1. NATURE OF OPERATIONS

### Description of business

Knight Therapeutics Inc. was incorporated on November 1, 2013 under the Canada Business Corporations Act. The Company is a specialty pharmaceutical company, and its principal business activity is acquiring, in-licensing, out-licensing, developing, manufacturing, marketing and distributing pharmaceutical products in Canada, Latin America and select international markets. The Company's corporate headquarters are located at 3400 de Maisonneuve Boulevard West, Suite 1055, Montreal, Quebec, H3Z 3B8. Knight is listed on the Toronto Stock Exchange under the ticker symbol "GUD".

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of presentation

These interim condensed consolidated financial statements for the three and nine-month periods ended September 30, 2024 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those set out in note 2 "Summary of significant accounting policies" of the Company's annual consolidated financial statements for the year ended December 31, 2023.

These interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2023. The Company's interim condensed consolidated financial statements for the three and nine-month periods ended September 30, 2024 and 2023 were authorized for issue by the Company's Board of Directors on November 6, 2024.

## 3. FUTURE CHANGES AND AMENDMENTS TO ACCOUNTING STANDARDS

### IFRS 18 Presentation and Disclosure in the Financial Statements

The IASB issued IFRS 18 *Presentation and Disclosure in the Financial Statements* ("IFRS 18"), which sets out requirements and guidance on presentation and disclosure in financial statements, including:

- presentation in income statement of income and expenses within five defined categories: operating, investing, financing, income taxes, and discontinued operations
- presentation in the income statements of new defined subtotals for operating profit and profit before financing and income taxes
- enhanced guidance on aggregation and disaggregation of information and whether to provide information in the financial statements or in the notes
- disclosure of specified expenses by nature
- disclosure of explanations of management-defined performance measures

IFRS 18 will replace IAS 1 *Presentation of Financial Statements* but carries forward many requirements from IAS 1 without any change. The standard is effective for the annual reporting periods beginning on or after January 1, 2027, with early application permitted. The Company is currently assessing the impact of this new standard on its consolidated financial statements.

### Amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments*

The IASB issued amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments*. The amendments clarify the date of recognition and derecognition of some financial assets and liabilities, introduces an accounting policy option for financial liabilities settled using an electronic payment system if certain conditions are met and adds new disclosure requirements for financial instruments with contractual terms that reference a contingent event and equity instruments classified at fair value through other comprehensive income.

## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

[In thousands of Canadian dollars, except for share and per share amounts]  
[Unaudited]

The amendments to are effective for annual reporting periods beginning on or after January 1, 2026 with early application permitted. The Company is currently assessing the impact of these amendments on its consolidated financial statements.

### 4. CASH AND CASH EQUIVALENTS

As at	September 30, 2024	December 31, 2023
	\$	\$
Cash in bank	67,947	58,436
Cash equivalents	5,808	325
<b>Total</b>	<b>73,755</b>	<b>58,761</b>

### 5. INVENTORIES

During the three and nine-month periods ended September 30, 2024, the Company recorded an inventory write-down of \$1,217 and \$2,571, respectively (2023: \$864 and \$1,692, respectively), in the consolidated statement of loss in "Cost of goods sold".

### 6. OTHER FINANCIAL ASSETS

As at	September 30, 2024	December 31, 2023
	\$	\$
<b>Loans and other receivables</b>		
Measured at amortized cost <sup>1</sup>	19,698	3,667
Measured at FVTPL <sup>1,4</sup>	—	12,037
<b>Equity Investments<sup>2,3</sup></b>		
Measured at FVTPL	1,261	2,465
Measured at FVOCI	15,573	948
<b>Derivatives</b>		
Measured at FVTPL <sup>4</sup>	—	303
<b>Fund Investments</b>		
Measured at FVTPL <sup>4</sup>	89,925	108,949
<b>Total</b>	<b>126,457</b>	<b>128,369</b>

<sup>1</sup> In 2024, the Company amended the terms of its loan with Synergy which resulted in a measurement change from FVTPL to amortized cost and re-classified \$3,053 from trade and other receivables to loans and other receivables.

<sup>2</sup> Level 1 fair value hierarchy

<sup>3</sup> Level 2 fair value hierarchy

<sup>4</sup> Level 3 fair value hierarchy

## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

[In thousands of Canadian dollars, except for share and per share amounts]  
[Unaudited]

### Equity Investment in Synergy

On October 23, 2024 Synergy completed an IPO of 1.15 million shares of common stock on NASDAQ that were issued by Synergy at a price per share of US \$9 (“Synergy’s IPO”). As at September 30, 2024, prior to Synergy’s IPO, the Company owned 1,482,844 common stock or approximately 19.6% of Synergy’s outstanding common stock, received as consideration for the Company’s strategic lending transactions with Synergy. Subsequent to Synergy’s IPO, Knight’s ownership of Synergy common stock was diluted to approximately 17%. The Synergy common shares held by Knight are subject to a 180-day post IPO lock-up period and are also subject to certain restrictions imposed under U.S. federal securities laws.

For the quarter ended September 30, 2024, the shares of Synergy common stock held by Knight were recorded at their fair value based on the Synergy’s IPO price discounted by an illiquidity factor resulting in an unrealized gain of \$14,412 (US\$ 10,676) recorded in other comprehensive income. The Synergy shares held by Knight are classified as a level 2 equity investment measured at FVOCI . Furthermore, due to Synergy’s IPO the day 1 gain of \$5,081 (US\$3,764) was de-recognized.

### Net loss (gain) on Financial instruments measured at FVTPL

As a result of changes in fair value, the Company recorded the following net (gain) loss on financial instruments in the interim consolidated statements of income (loss) as “Net loss (gain) on financial instruments measured at fair value through profit or loss”:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Loans and other receivables	233	(188)	(477)	(415)
Equity Investments	(195)	(2,817)	1,240	(2,598)
Derivatives	—	(9,889)	123	(10,002)
Fund Investments	2,782	7,332	18,866	15,361
<b>Total</b>	<b>2,820</b>	<b>(5,562)</b>	<b>19,752</b>	<b>2,346</b>

## 7. SHAREHOLDERS’ EQUITY

### [i] Share capital

The issued and outstanding share capital of Knight is as follows:

	Number of common shares	\$
<b>Balance as at January 1, 2024</b>	<b>101,170,382</b>	<b>540,046</b>
Issuance under share purchase plan	61,463	347
Shares purchased under NCIB [iii]	(643,161)	(3,437)
Issuance upon vesting of PSUs and RSUs [ii]	189,061	1,003
Issuance upon exercise of stock options [ii]	198,221	1,358
<b>Balance as at September 30, 2024</b>	<b>100,975,966</b>	<b>539,317</b>

## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

[In thousands of Canadian dollars, except for share and per share amounts]  
[Unaudited]

### [ii] Stock-based compensation plans

The Company recorded an expense of \$903 (2023: \$366) and \$2,593 (2023: \$2,035) for the three-month and the nine-month periods ended September 30, 2024, respectively, related to the share-based compensation for stock options, DSUs, PSUs and RSUs, with corresponding credits to *Contributed surplus* net of forfeitures and accrued liabilities for social security contributions and employer taxes.

#### **Stock options**

	Nine months ended September 30,			
	2024		2023	
	Number of share options #	Weighted average exercise price \$	Number of share options #	Weighted average exercise price \$
<b>Balance beginning of the period</b>	<b>4,577,782</b>	<b>6.95</b>	4,873,546	7.15
Granted <sup>1</sup>	1,875,697	5.72	267,189	4.44
Exercised	(1,312,220)	5.62	—	—
Expired/forfeited	(20,000)	6.00	(553,928)	7.59
<b>Balance at end of the period</b>	<b>5,121,259</b>	<b>6.84</b>	4,586,807	6.95
<b>Options exercisable at the end of the period</b>	<b>2,882,534</b>	<b>7.93</b>	4,055,909	7.23
<b>Weighted average remaining contractual life of the options outstanding at end of the period (years)</b>	<b>4.05</b>		<b>2.56</b>	

<sup>1</sup> 2024 grants include 1,000,000 stock options which vest upon the achievement of future performance targets within a seven-year period.

The weighted average fair value of the options granted during the nine-month period ended September 30, 2024, estimated by using the Black-Scholes option pricing model, was \$2.01 (2023: \$1.38). The fair value of the options was estimated on the date of grant based on the following weighted average assumptions:

	Nine months ended September 30,	
	2024	2023
Weighted average risk-free interest rate	3.64%	2.95%
Dividend yield	Nil	Nil
Weighted average volatility factor [i]	24%	24%
Forfeiture rate	1%	2%
Weighted average expected life	7.2 years	6.3 years

[i] Volatility was determined using the historical share price of the Company.

#### **Deferred share units**

During the nine-month period ended September 30, 2024, the Company granted 49,149 DSUs (\$289) to independent board members (2023: 56,279 DSUs, \$270 respectively). As at September 30, 2024, the number of outstanding DSUs was 196,513 (2023: 140,451 DSUs).

## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

[In thousands of Canadian dollars, except for share and per share amounts]  
[Unaudited]

### ***Restricted share units and performance share units***

The following table shows the RSUs and PSUs granted and outstanding at the beginning and end of the reporting period and the WAFV:

	Nine months ended September 30,			
	RSUs		PSUs	
	Number of units #	WAFV \$	Number of units #	WAFV \$
<b>Balance beginning of the period</b>	324,784	4.97	732,237	4.99
Granted	130,243	5.70	430,986	5.70
Vested	(69,020)	5.61	(183,206)	5.62
Forfeited/cancelled	(14,825)	5.03	(14,825)	5.03
<b>Balance at end of the period</b>	<b>371,182</b>	<b>5.11</b>	<b>965,192</b>	<b>5.19</b>
<b>Weighted average remaining contractual life of the share units outstanding at end of the period (years)</b>	<b>1.58</b>		<b>1.70</b>	

### **[iii] NCIB**

On July 11, 2024, the Company announced that the Toronto Stock Exchange approved its notice of intention to launch a NCIB ("2024 NCIB"). Under the terms of the 2024 NCIB, the Company may purchase for cancellation up to 5,312,846 common shares of the Company which represented 10% of its public float as at June 30, 2024. The 2024 NCIB commenced on July 15, 2024 and will end on the earlier of July 14, 2025 or when the Company completes its maximum purchases under the NCIB. Furthermore, the Company entered into an agreement with a broker to facilitate purchases of its common shares under the NCIB.

During the three and nine-month period ended September 30, 2024, the Company purchased 437,500 and 643,161 common shares (2023: 2,158,091 and 7,277,016, respectively), at an average price of \$5.65 and \$5.78, (2023: \$4.55 and \$4.73, respectively) for aggregate cash consideration of \$2,474 and \$3,716, (2023: \$9,833 and \$34,396, respectively).

Subsequent to quarter-end up to October 31, 2024, the Company purchased an additional 190,000 common shares at an average purchase price of \$5.66 for an aggregate cash consideration of \$1,076.

## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

[In thousands of Canadian dollars, except for share and per share amounts]  
[Unaudited]

### 8. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net income (loss) by the weighted average number of common shares outstanding during the period. Diluted earnings per share has been calculated after adjusting the weighted average number of shares used in the basic calculation to assume the conversion of all potentially dilutive shares.

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Net income (loss)	85	9,588	(6,403)	7,491
Basic weighted average shares outstanding	101,132,799	106,250,793	101,211,415	108,728,924
Adjustment for share options, RSUs and DSUs <sup>1</sup>	—	260,968	—	229,121
Diluted weighted average shares outstanding	101,132,799	106,511,761	101,211,415	108,958,045
<b>Basic net earnings (loss) per share</b>	—	0.09	<b>(0.06)</b>	0.07
<b>Diluted net earnings (loss) per share</b>	—	0.09	<b>(0.06)</b>	0.07

<sup>1</sup> Adjustments for diluted earnings per share have not been included as the share options, RSUs, and DSUs are anti-dilutive for the three-month period ended September 30, 2024 and the nine-month periods ended September 30, 2024.

### 9. SEGMENT REPORTING

The Company had one reportable segment, namely the development, acquisition, in-licensing, out-licensing, marketing and distribution of innovative pharmaceutical products, consumer health products and medical devices. This reflects the revised management structure and the way that the chief operating decision-maker evaluates the business.

#### Geographic Information

The following table represents the revenues per country, based on where the customer is located.

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
<b>Revenues</b>				
Brazil	41,073	31,538	133,300	122,879
Colombia	15,249	12,843	41,498	32,501
Argentina <sup>1</sup>	11,941	9,476	32,752	28,203
Rest of LATAM <sup>1</sup>	15,480	16,659	43,562	43,109
Canada	6,115	5,108	16,696	13,943
Other <sup>1,2</sup>	2,405	5,876	6,632	13,367
<b>Total</b>	<b>92,263</b>	<b>81,500</b>	<b>274,440</b>	<b>254,002</b>

<sup>1</sup> The amounts have been reclassified for comparative purposes.

<sup>2</sup> Includes Europe, US and other countries.

## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

[In thousands of Canadian dollars, except for share and per share amounts]  
[Unaudited]

As at September 30, 2024 and December 31, 2023, non-current operating assets consisting of property, plant and equipment, intangible assets, goodwill, right-of-use assets, other long-term receivables and assets held for sale were held in the following geographic areas:

As at	September 30, 2024	December 31, 2023
	\$	\$
<b>Non-current operating assets</b>		
Canada	72,414	74,401
Brazil	49,957	57,351
Argentina	36,767	26,544
Colombia	13,820	15,632
Uruguay	177,208	181,308
Luxembourg	35,683	38,635
Rest of LATAM	44,658	39,327
<b>Total</b>	<b>430,507</b>	<b>433,198</b>

### 10. STATEMENT OF CASH FLOWS

Effect on cash flows of changes in non-cash working capital and other are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
<b>Changes in non-cash working capital:</b>				
Decrease (increase) in				
Trade and other receivables	(10,003)	17,114	(4,399)	8,214
Prepays and deposits	(3,414)	(1,045)	(2,148)	2,143
Inventories	(9,641)	(12,956)	(11,104)	(17,656)
Income taxes receivable	814	55	(2,510)	(833)
Increase (decrease) in				
Accounts payable and accrued liabilities	9,420	(6,693)	10,100	(21,039)
Other liabilities	(16)	(4,307)	1,234	(3,785)
Income taxes payable	1,848	597	1,411	(347)
	<b>(10,992)</b>	<b>(7,235)</b>	<b>(7,416)</b>	<b>(33,303)</b>

### 11. COMMITMENTS

In the normal course of business, the Company secures development, sales, marketing and distribution rights to innovative drug products requiring royalties or product payments. These payments are considered normal operating commitments and as such not included herein. The Company has entered into various agreements which include contractual commitments extending beyond the current year. These commitments are classified into three major categories: fund commitments, milestones and purchase commitments. The commitments of the Company as at September 30, 2024 are as follows:

#### [i] Fund commitments

As at September 30, 2024, under the terms of the Company's agreements with life sciences venture capital funds, \$6,235 may be called over the life of the funds.

## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

[In thousands of Canadian dollars, except for share and per share amounts]

[Unaudited]

### [ii] Milestones and purchase commitments

Under certain agreements, Knight may have to pay additional consideration should the Company achieve certain sales volumes or if certain milestones are met, such as regulatory approval. Milestone that the Company expects will be achieved have been recorded as a liability in *Other Balances Payable*.

The Company may have to pay up to \$453,267 including \$158,532 [US \$117,440], \$160,617 [CHF 100,160] and \$3,834 [EUR 2,543] upon achieving certain sales volumes, regulatory or other milestones related to specific products. These milestone are not currently expected to be achieved in the future.

In addition, Knight has a commitment to purchase up to \$8,362 [CHF 4,014 and EUR 1,277], of inventory for pharmaceutical products during the five-year period after their respective commercial launch.

For products that are currently launched, the Company has committed to inventory purchases of \$131,946 [BRL 142,600, US \$46,490, EUR 10,185 and CHF 11,500], which will be purchased over the next 7 years.

	\$
2024	6,000
2025	56,027
2026	22,210
2027	20,411
2028	11,772
2029 and beyond	15,526
<b>Total</b>	<b>131,946</b>

**Stock Exchange Listing**

Toronto Stock Exchange

Trading Symbol: GUD

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